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21 October 1957

25X1A

MEMORANDUM FOR: [REDACTED]

FP/ICD

SUBJECT

: Transmittal of Unclassified Statement
on Soviet Urban Housing

25X1A

Attached is a statement on Soviet urban housing as discussed

between you and [REDACTED] on Friday, 18 October 1957. The statement

25X9

is unclassified [REDACTED]

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FOR THE ASSISTANT DIRECTOR, RESEARCH AND REPORTS:

25X1A

[REDACTED]
Acting Chief, Control Staff
Office of Research and Reports

Attachment

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9 The availability of urban housing in the USSR today, approximately 175 dwellings per 1,000 inhabitants is the lowest of any major industrial nation in the world. Per capita dwelling space is ^{less than} about the same as it was at the time of the Czarist Revolution. It is far lower than in Western Europe; for example, France which is by no means the housing leader, has about 300 dwellings per 1,000 inhabitants. As part of the Khrushchev program, very modest improvement in living space has been promised to the people by 1960, but this will add only about enough space per capita for an extra armchair.

At the same time, vast sums of money are being expended on military activities, grossly out of proportion to U. S. defense outlays. The launching of "sputnik" and the claimed perfection of the intercontinental ballistic guided missile once again call attention to the overwhelming diversion of Soviet resources away from the living standards to military purposes. From what we have seen of this effort, it must represent an expenditure of from \$35 to \$40 billions over the plan period, which if diverted to urban housing would raise USSR urban dwelling standards by 1960 to that of France today.

8/4

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The availability of urban housing in the USSR today is the ^{1,000} lowest of any major industrial nation in the world. Per capita ^{inhabitants} dwelling space is about the same as it was at the time of the Czarist Revolution. As part of the Khrushchev program, very

modest improvement in living space has been promised to the people by 1960, *but this will add only about enough space per capita for an extra armchair.*

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TO END THE SHORTAGE OF HOUSING

I. The Task.

The Soviet Party and Government leadership decreed on 2 August 1957 that the necessary conditions for a more rapid growth in residential construction now existed in the economy and that the housing shortage in the country would be eliminated at the end of 10 - 12 years. By 1965 or 1967 every person must have at least 9 square meters of living space, the legal minimum sanitary standard.* A slightly larger program of construction would provide every family with a private dwelling or apartment with private kitchen and running water. In order to eliminate the shortage of housing in urban areas by 1965 or 1967 and provide the Soviet citizen with standards of space comparable with those in Western Europe today the housing construction program planned for the 1957-60 period must be fulfilled; further, during the period 1961-65 an amount of space approximately double that planned for 1956-60 must be built. The size of this task and its comparison with the programs of previous periods are presented in the statistics below.

If the housing which will be demolished and otherwise retired during the period 1957-65 is taken into account, the minimum standard of 9 square miles of living space per person can be reached ^{by} before the end of 196⁶7.

* Spravochnik dlya rabotnikov domoupravleniy: Upravleniye Zhilishchnym Khozya ystvom, Moscow, 1955, p. 5.

Table 1

Construction Necessary to Eliminate the Urban Housing Shortage
by 1965 or 1967

End of Year	Urban Population (millions)	Housing Fund		Space Per Person	
		Total Space (millions of square meters)	Living Space (millions of square meters)	Total Space (millions of square meters)	Living Space (millions of square meters)
1955 a/	86.5	640	425 b/	7.4	5.0
Construction Planned 1956-60 Minus Retirements c/		328 30	215 20		
1960	102 d/	938	620	9.2	6.1
Construction Necessary 1961-65 Minus Retirements c/		676 50	440 32		
1965	122 d/	1,564	1,028	12.8	8.4
Construction Necessary 1966 e/		163	115		
1966	126 d/	1,714	1,134	13.6	9.0

a. Data for 1955 from Narodnoye Khozyaystvo SSSR v 1956 gody; statisticheskii eshegodnik, Gosstatizdat, Moskva, 1957, p. 177.

b. Living space is approximately 65 percent of total space.

c. Annual retirements estimated at approximately eight-tenths of 1 percent (.008) of the housing fund existing at end of year.

d. It is assumed that the urban population growth rates for 1956-60 will continue at the same rate as in previous postwar years, about 3 million a year; and that the growth rate for 1961-66 will be about 4 million a year.

e. Including estimated allowance for retirements in 1966 of 13 million square meters of total space, 9 million square meters of living space. The rate of increase in construction necessary in 1966 is slightly less than the rate of increase required each year 1961-65 of 10 percent.

Table 2

Increase in Square Miles of Total Urban Housing Construction
Five Year Periods

Period	Percentage Increase in Construction over Previous Period a/
1933-37	9
1938-41	---
1941-45	19
1946-50	106 b/
1951-55	48
1956-60	116
1961-65	106

a. Narodnoye Khozyaystvo SSSR v 1956, gody. op. cit. p. 177.

b. Including restoration and reconstruction.

There is no country in Western or Central Europe today with housing standards as low as those in the Soviet Union, and in all Europe, including Southern and Eastern Europe, there are only three countries -- Greece, Yugoslavia, and Poland which provide less space per person than the USSR. This is indicated in a study of European housing conditions which was undertaken by member nations of the United Nations in Europe including the Soviet Union. Data from this publication are presented below.

Table 3

The Quantity of Housing Per Inhabitant in European Countries

<u>Country</u>	<u>Date</u>	<u>Number of Inhabitants per Room</u>
Western and Central Europe		
Austria	Dec. 1953	0.94
Belgium	Dec. 1953	0.75
Denmark	Dec. 1953	0.84
Finland	Dec. 1953	1.54
France	May 1954	0.95
Western Germany	Dec. 1953	1.11
Ireland	Jul. 1953	1.08
Netherlands	Dec. 1953	0.90
Norway	Dec. 1953	0.82
Sweden	Dec. 1953	0.93
Switzerland	Dec. 1953	0.73
United Kingdom	Dec. 1953	0.77
Southern Europe		
Greece	Dec. 1953	2.26
Italy	Dec. 1954	1.25
Portugal	Dec. 1950	
Spain	Dec. 1950	1.09
Turkey	Oct. 1950	
Yugoslavia	Mar. 1953	2.35
Eastern Europe		
Albania	Jan. 1953	
Bulgaria	Dec. 1954	
Czechoslovakia	Mar. 1950	1.33 a/
Eastern Germany		
Including East Berlin	Jun. 1953	
Hungary	Jun. 1954	1.52 b/
Poland	Dec. 1950	1.83
Romania	Jan. 1953	
USSR	Dec. 1954	1.70 b/

a. Excluding kitchens.

b. Urban areas only.

The European Housing Situation, United Nations, Geneva, January 1956.
E/ECE/221/ E/ECE/NOU/57. p. 46.

How is it that the second greatest industrial power in the world ranks among the poorest countries of Europe in terms of housing standards? The answer is found in the housing decree itself which traces the general economic targets of the state during the Soviet period.

Following Lenin's general line, the first target of the state was to insure its economic independence from foreign encroachment. This necessitated the priority development of heavy industry. The requirements of this development together with the emergence of new industrial centers caused the urban population to grow much more rapidly than the amount of housing space, and from 1926 to 1938, although urban living space increased by 47 percent from 154 million square miles to about 225 million square meters, the urban population increased by 115 percent from 26 to 56 million people. The 18th Party Congress in 1939 laid down the general economic target of overtaking the principal capitalist countries in per capita production. But World War II made it necessary to subordinate the entire economy to the needs of the War effort. There was tremendous destruction of housing during the war; however, housebuilding did not stop in unoccupied areas, and this building, combined with the restoration done following the war up to 1946, amounted to over 70 percent of that destroyed during the war.

In the two postwar five year plan periods that followed, considerable resources were needed to insure the basic economic targets of the state -- the reconstruction and powerful growth of Soviet industry. Although housebuilding was substantial in the Fourth and Fifth Five-Year Plan Periods and amounted to over twice the amount built during the three prewar five year plan periods, it still lagged behind the development of industry, the growth in the population, and the needs of the people. The amount

of urban housing space increased by 52 percent from 1945 to 1955; however, the urban population grew by a slightly larger percent during the same period so that conditions of space at the end of 1955 were about the same as those at the end of 1945.

The basic economic target of the state in accordance with the directives of the 20th Party Congress is to catch up with and surpass the principal capitalist countries in per capita production. In order to achieve this target, the leadership has directed the planners, in drawing up the plans for 1958 and 1959-65, to provide for a balanced development of the economy, including an increase in the rate of housebuilding sufficient to eliminate the housing shortage. A stage of development of the economy has been reached which makes it both possible and necessary to accelerate the rate of housebuilding.

The conditions that make this task possible are several. During the next 10-15 years the basic development of the Soviet economy will be an intensive rather than extensive development so that a larger share of the increase in construction activity can be devoted to housing construction as industry, transport and agriculture devote a larger share of their investment programs to machinery and equipment.

The reorganization of management of industry and construction provides a sounder framework for a more rapid development of the building and building materials industries than in the past. The

amalgamation of building organizations has eliminated the large number of small duplicatory construction organizations. The development of local construction materials industries will greatly increase their supply as well as lower the price of those materials which have been bearing the cost of long hauls. The increase in local authority and supervision over construction planning and operations will speed up decision making and promote efficiency. Therefore construction will develop much more rapidly and at a lower cost under the new conditions of decentralized management and control.

But as pertinent as the conditions that make the task of eliminating the housing shortage possible are the conditions that makes the task necessary at this stage of development of the economy. There is no economic advantage in postponing this program, because the very nature of housing construction precludes any major reduction in the economic burden of this housing construction in the future. Whereas in various industrial sectors technical progress have made possible a considerable lowering of real costs of production over the last 50 years, this has not happened in building, and advances in housing standards have not been offset by a corresponding reduction in building costs. This has been true in all countries which have witnessed industrial progress. Social progress has preceded technical progress in housing construction and there are no indications that this trend will shift in the foreseeable future. Thus, while there may be advantages in postponing development programs in certain industries because at some future date the level of technology will be more advanced, housebuilding will be a greater

real economic burden 10 years hence and even greater 25 years hence, and any advantages which might accrue through such cost saving innovations as increased mechanization of building operations, utilization of cheaper materials, or increased manufacture of prefabricated structures, will be more than offset by increased housing standards.*

Further, a well built house, with certain changes to meet increased standards, lasts at least 50 years, so that once this backlog of needed housing construction has been removed in the Soviet Union, the rate of building can be reduced and the resources used for other purposes.

Not only do the necessary and possible conditions for an increase in housebuilding exist in the Soviet Union but there are tremendous benefits which will accrue from such a program, -- not only to the worker, whose desire for better living standards is indisputable, but also to the economy. Achievement of the basic economic objective of the state of catching up with the west in per capita production requires technical progress -- the introduction of modern equipment and machinery, mechanization, automation and other technical measures to increase output per worker. Such technical progress depends on men who can make independent decisions -- men of intelligence, inventiveness, and initiative. But men without physical well-being, including adequate

* As a result of the continued high real cost of housing construction in comparison with other costs, a great deal if not most of the housebuilding in European countries is now undertaken by the governments or by non-profitmaking bodies.

housing, will not have these qualities. Rapid increases in per capita production also depend on the workers who man these machines, and the availability of housing has a significant effect on worker productivity. Labor difficulties are frequently encountered because housing is not sufficient. High turnover occurs, absenteeism is frequent, needed technicians and workers cannot be employed, worker morale is low, and labor productivity and production plans are not met. Plant managers consider that providing housing is one of the most important problems they face, and elimination of the housing shortage will cause a significant improvement in workers' production activities.

The shortage of housing has also seriously impaired the effectiveness of Soviet economic planning. Regional planners have found that workers are unwilling to settle permanently in new developed areas, or outside of big cities like Moscow and Leningrad without adequate housing. The failure to build adequate housing in newly developed agricultural areas has caused many people to leave. It was not difficult to recruit workers with promises of houses and barns. But they would not remain as permanent settlers without these facilities; and often they were not provided. Planners in the new economic councils are also facing this problem. They find that technicians and experts as well as workers are extremely reluctant to move to the new regions unless they are guaranteed adequate housing.

Lack of housing has impaired regional planning in other ways. For example, in a series of cities in European Russia, because of acute housing shortages, it has been forbidden to plan the construction of new factories. However, for overall planning purposes these cities might have been the best location for certain factories. The new housing program has been drawn up according with regional requirements, so that the scope and effectiveness of regional planning will be vastly broadened.

Financial planners have had to recognize that the effectiveness of monetary incentives to distribute manpower among industries and enterprises is reduced where housing facilities are not available. Although wages and salaries may be increased in an enterprise or industry in an attempt to attract manpower, and wage differentials increased to promote the development of skills, if a shortage of housing exists, these measures are ineffectual. In the Donbas, for example, where a rapid increase in coal production is needed, despite attempts to increase production by use of wage increases, larger bonuses, and shorter worker hours, the shortage of housing is partly responsible for the poor progress noted to date. The construction industry is also a case at point. New work norms and increased wages in the construction industry, put into effect in 1956, have not slowed down worker turnover or increased productivity appreciably. One of the main reasons for this is that the housing of construction workers is so poor that it is difficult to keep workers in the industry. Financial planners are also faced with the task of balancing

the total earnings of Soviet workers with the supply of consumer goods.

From 1952 to 1956 urban savings alone increased by 77 percent and at

the end of 1956 had reached 27 billion rubles. With these savings,

and greatly expanded opportunities for private housebuilding, workers

will be able to build a million houses. Thus the new program will

benefit not only the workers, but will also lessen the tasks of financial planners.

II. Implementation of the Housing Program

The Recent Housing Decree

The Soviet leadership has issued the directives for a rapid increase in housing construction. For implementation of this program, the decree has provided for an independent state plan for construction and capital investment in housing. The amount and location of construction is to be planned, not by ministries and departments as in the past, but by the USSR State Planning Committee and by the Union-republic Councils of Ministers as a separate plan. The rights and responsibilities of Local Soviet executive committees in the planning and construction of housing have been broadened so that localities will have greater control over the location and type of housing construction, the provision of utilities and other communal facilities. Workers and employees may now pool their labor and financial resources and build houses and apartments together, either with or without the participation of the enterprise where they work, and the rights of producer construction cooperatives have been justly restored, the Union-republic Councils of Ministers having been

instructed to amend the existing regulations concerning private building and the organization of housing collectives. For the production of vital building materials, the housing decree orders the State Planning Committee to submit measures to the Council of Ministers for greatly increasing capacities for the production of prefabricated houses and components and for providing the necessary output of wall materials, shingles, linoleum, hardware, paints and other building supplies. The State Planning committee has been instructed to vastly increase allocations of these materials to the general market, and the Union-republic Councils of Ministers have been instructed to expand local and cooperative building materials industries.

Expenditures for financing state construction have been increased and pooling of plan and above-plan financial resources has been legalized. The Ministry of Finance has been instructed to grant loans to members of housing collectives. Also, of great significance, is the provision whereby, beginning in 1959, estimates will be made up and financing provided for housing construction on the basis of the average cost of construction in each area. These and many other measures provided in the housing decree are ample proof of the seriousness of the directives to end the housing shortage in the next 10-12 years.

Further Measures

This decree, together with previous directives, such as those regarding standardization of design and production of prefabricated concrete structures and blocks, provide the basic framework for a rapid increase in housing construction. If the targets outlined are to be achieved, however, further

specific and detailed direction will be necessary. The most effective guarantee of achievement would be for the leadership, through the Republic Councils of Ministers, to order the directors of building trusts to build houses concurrently with or before other construction, and to order the heads of material and technical supply services to issue materials for housing construction first of all. At this time, housing has no clear material or construction priority and the general attitude that "housing can wait" continues to prevail in many areas, despite the fact that until housing is provided it is impossible to hire workers and begin the operation of a new plant, and impossible to lower the cost of housing by postponing it or stretching out the time in construction.

As is known, private construction and ownership is less costly than state construction and ownership. Construction is cheaper because the worker builds his house with his own free labor on his off days and after working hours. Ownership is cheaper because there are no expenses to the state for management, maintenance, or capital repair. Success of the greatly expanded private construction program will depend on the direction and assistance provided by the state. Further concrete instructions will be necessary in order to assure the success of this program.

For example, the expanded design organizations of executive committees of towns, oblasts and krais should have several separate departments which are responsible for assisting and directing private construction in the area. One department should choose the designs to be used in private building, and publish them for sale in mass editions. This department should survey the

areas set aside for private dwellings, divide them into plots, allocate them to citizens in order of request, and provide the projecting work for provision of utilities to these areas so that contracts may be let by the executive committees. There should be a department of technicians to provide guidance and supervision for collectives of housebuilders and individual housebuilders for a fee which would determine the earnings of the technicians. This department should also have teams of skilled workers - mainly plumbers and electricians - who can be hired to help private housebuilders. Another department should have trucks and supplies of equipment and tools that could be hired by private builders and members of cooperatives. This would put an end to the activities of illegal profiteers who charge exorbitant amounts for the use of these needed trucks and tools. If these and other kinds of technical and material assistance are not provided, private construction, which has a planned program for 1956-60 as large as the state program of the Fifth Five-Year Plan Period, will either not be carried out at all or will proceed unsystematically - even chaotically, at a great waste of labor and material resources.

Many other aspects of the housing program demand the application of specific direction and concrete incentives, rather than vague directives that the Party, the Trade Unions, enterprise directors, and the Local Soviets must ensure the fulfillment of the housing directives. For example, the measure of achievement of construction organizations must be broadened to include

other indices than the volumes of construction and completion. In order to eliminate the current practice of carrying out 75 percent of the annual volume of work in the last 3-4 months of the year as well as provide an incentive to reduce costs, the construction organization should distribute as bonuses to supervisors and workers all savings which result if actual labor costs are below estimate costs. This should be done quarterly, based on the quarterly plan for construction completions.

The acceptance of incompleted housing and housing with major defects is the result, not only of critical shortage but also of inadequate measures of plan fulfillment. To prevent this, at least 10 percent of the contractor's fee should be withheld until the housing is accepted, and bonuses for early completion should be withheld if the quality of the construction does not receive a certain minimum rating.

The authority of local Soviets must be more clearly defined in order to prevent conflicts with ministries and enterprises in the future. Local Soviets must have absolute and final authority in all city planning, over the location of all structures in the area, and over the planning and provision of all public services. Tremendous sums have been wasted in the past on demolition, on multiple utility systems, on administration, and so on because the building activities of ministries and industries do not fall under the jurisdiction of the local Soviets. There is no other industrial country in the world which has such broad opportunities and has achieved so little in the fields of city planning and management.

Since there is no single individual or organization in the Soviet Union which will not benefit substantially from an increased fund of housing, a clear definition of responsibility and authority in all aspects of the new program is the best guarantee of its achievement.